

TESTIMONY OF
REGINALD FAIRBAIRN
PRESIDENT/CEO
NEW SAMARITAN CORPORATION
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
MARCH 7, 2011
LEGISLATIVE OFFICE BUILDING
STATE CAPITOL

New Samaritan and its affiliated corporations: Elderly Housing Management; Community Housing Management and New Samaritan Development Corporation are the largest nonprofit providers of affordable housing in Connecticut. New Samaritan was founded and incorporated by Reverend Arthur Higgins in 1970. We own or manage over 2,400 units of multifamily housing, predominantly senior housing; in addition we own a five star rated 98 bed skilled nursing and rehabilitation facility in Mansfield and administer an affordable single family home project in Wolcott funded by DECD containing 118 homes. We are currently constructing a 32 unit elderly HUD 202 in Newington and anticipate submitting HUD 202 applications this year for projects in East Hartford, Old Saybrook, Hamden and Ledyard.

Good day to co-chairs Senator Daily and Representative Widlitz, vice-chairs Senator Fonfara and Representatives Rojas and Wright and members of the Committee. My name is Reginald Fairbairn and I am the President and CEO of the New Samaritan Corporation of North Haven and its affiliated companies. I also serve on the board of directors of local affordable housing corporations in Stamford, Cornwall, Washington, Fairfield, Middlebury, New Milford, Roxbury, Wolcott, Waterbury and Newington.

New Samaritan strongly supports SB No. 1008 AN ACT AUTHORIZING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS AND OTHER PURPOSES. Our only criticism would be that substantially more funds are needed than requested to address the issues of work force housing, low income housing and rehabilitation of existing housing here in the State.

Given the staggering budget challenges the State faces I'm sure many will be urging the General Assembly to see this area as part of the budget cutting solution. I hope all of you will see that unless the State makes these types of investments now these issues will create even more deficiency problems in the future.

Rehabilitation

Much of the multifamily housing stock in the State was built in the 1970's and 1980's. Failure on the part of the federal and state governments to provide adequate financing for repairs on these properties has left many of them in terrible condition. At a meeting at CHFA in December to address the problems on a 63 unit family complex we own in Waterbury, which could be the poster child for what this neglect has caused, we were told there were over 90 properties in very bad shape they were addressing. Representatives of CHFA have said it costs half as much to rehab existing structures then build new. It makes no economic sense to let these buildings deteriorate to the point where they are boarded up, eventually torn down, and replaced by something twice as costly.

Low income housing

Over 2,000 of our residents live in our HUD 202 or USDA elderly housing which is for those who can live independently. We have over that number on waiting lists. At a number of facilities the waiting lists have been closed for years. To qualify for this housing a resident must earn less than 50% of the area median income. When these very low income individuals are no longer capable of performing some of their ADL's the housing options other than an institutional setting such as a skilled nursing facility are severely limited. The UCONN Health Center "Connecticut Long-Term Care Needs Assessment" of June 2007 and the recent report of the Connecticut Regional Institute for the 21st Century, "Framework for Connecticut's Fiscal Future" have both addressed the critical need for rebalancing the long term care system by offering alternative housing options.

If we are to be successful in addressing the needs of this population in an economically efficient manner the State and federal government must invest in the construction of congregate, assisted living and other forms of 'housing plus services'. For too long the focus has been on saving a dollar today with little reflection on how spending that dollar today would help to avoid the type of fiscal crisis we face now.

This bill is certainly a good start in addressing these issues. We look forward to working with you to see the resources you provide are used in the most effective manner in meeting the needs of those who are the focus of our mission.

Thank you for giving me the opportunity to present this testimony.

Reginald Fairbairn, President/CEO New Samaritan Corporation
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Attached

- New Samaritan white paper "A Quiet Crisis" The escalating, unmet housing needs of Connecticut's seniors.
- New York Times – "Public Housing Repairs Can't Keep Pace With Need" by Cara Buckley 10/24/10
- New York Times – "The Crisis in Public Housing" Editorial November 4, 2010

Reference Sources

- University of Connecticut Health Center June 2007 Connecticut Long-Term Care Needs Assessment
- U. S. Department of Housing and Urban Development Section 202 Supportive Housing for the Elderly Program Status and Performance Measurement June 2008
- A Quiet Crisis in America – A Report to Congress by the Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century June 30, 2002
- Report of the Connecticut Regional Institute for the 21st Century – "Framework for Connecticut's Fiscal Future"

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November 4, 2010

The Crisis in Public Housing

After nearly two decades of weak financing from Congress, a large number of the public housing developments that shelter 2.3 million of the nation's poorest, most vulnerable people are falling apart.

The scope of the problem was underscored in a recent article in The Times by Cara Buckley. Unable to pay for basic repairs, the local housing agencies that manage federally owned developments have boarded up or torn down 150,000 units in the last 15 years.

The unmet needs for public housing are staggering and will only get worse if Congress fails to provide more help. Today, because of financing shortfalls, only one in four families that qualify for federal rent support receive it. Families that do get to lease public housing units must often wait 10 years or longer for the opportunity.

Public housing units are set aside for low-income people, a majority of whom are elderly or disabled. Residents typically pay a third of their meager incomes in rent. Congress is supposed to make up the shortfall between the rent and what it costs to maintain buildings but began to renege during the 1990s, forcing local housing authorities to put off crucial repairs.

The Department of Housing and Urban Development says that the majority of the nearly 1.2 million public housing units are sound. But many buildings that pass inspection still have serious problems — leaky roofs or crumbling masonry — that must be dealt with. By HUD's estimates, it could take as much as \$32 billion to catch up with all of the needed repairs.

There is little hope that Congress will allocate that much money to public housing any time soon. But a draft bill from Representative Keith Ellison, a Democrat of Minnesota, would help local housing authorities. It would boost federal subsidies from about \$7.2 billion this year to about \$8.5 billion. It would also streamline hopelessly complicated rules so that housing developments have more flexibility in how they spend federal dollars. Most importantly, it would lift regulations that forbid local housing agencies from borrowing to cover building repairs, a common practice in the real estate industry.

Some lawmakers worry that borrowing might place buildings at risk of foreclosure. But the greater risk lies in doing nothing and watching the stock of public housing decay and more families end up homeless.

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October 24, 2010

Public Housing Repairs Can't Keep Pace With Need

By CARA BUCKLEY

Public housing is falling apart around the country, as federal money has been unable to keep up with the repair needs of buildings more than half a century old.

Over the last 15 years, 150,000 of the nation's public housing units have been lost, officials said, as agencies have sold or torn down decrepit properties. An additional 5,700 units are pending removal from federal public housing programs.

In New York City, which has a three-year backlog of repair requests, the effects can be seen in places like Aixa Torres's apartment on the Lower East Side.

The paint chips were the first to be dislodged, drifting like snowflakes from her kitchen ceiling. When water began dripping through the ceiling, forming a hole sometime this spring, she called her landlord, the city's public housing authority.

A maintenance worker showed up to take a look, and repairs were scheduled.

A plasterer would come to fix the hole in May 2011. A painter would come to cover up the plasterer's work in May 2012.

The drip has yet to be fixed.

The situation is no better in Newark, which has shuttered 600 units that it cannot afford to fix. The city was given federal approval to raze 1,004 more, but it cannot pay for the demolition.

In Washington, the District of Columbia Housing Authority has floated bonds, among other measures, to put \$140 million into fixing up its developments, but it is still \$200 million short of what the authority says it needs for repairs.

Baltimore's housing authority needs \$860 million for crucial repairs, said the housing commissioner, Paul T. Graziano; it has demolished or shuttered 33 percent of its units since the 1990s and has another 600 "on the verge of failure," with falling cabinets, unhinged doors and aging electrical systems.

All told, the country's housing authorities still need \$22 billion to \$32 billion to rehabilitate their buildings, said David Lipsetz, a senior adviser in the Office of Public and Indian Housing with the Department of Housing and Urban Development — an average of \$25,000 for each of the 1.175 million public housing units. But that figure is based on a 1998

study, he said; an updated report is in the works.

"The future does not look bright in a model that was built 70-plus years ago and is failing to keep these buildings in good shape," Mr. Lipsetz said.

A \$4 billion federal stimulus infusion helped, but "with that capital backlog," he said, "they're never catching up."

In response, HUD has drafted legislation that would allow housing agencies to borrow public and private money, using their land and buildings as equity, to finance repairs. Money received annually from Congress would be used to repay the debt over time. Mr. Lipsetz said that based on other forms of subsidized housing programs the department runs, the risk of default was less than one-tenth of 1 percent.

The bill, yet to be formally introduced in Congress, stirred mixed reactions among housing authorities and advocates, many of whom feared the prospect of public housing falling into private hands.

"Across the country, some advocates are against any private lending," said Victor Bach, a senior housing policy analyst at the Community Service Society of New York. "On the other hand, a lot of advocates feel that this is the only way, given the way Washington works, to preserve our public housing resources. We're not going to get the capital appropriations needed from Congress."

But the proposed legislation, currently being reworked, met stiff opposition at a Congressional hearing in May.

"I agree we need more capital funding," said Representative Barney Frank, Democrat of Massachusetts, chairman of the Financial Services Committee, which held the hearing. "But putting a private mortgage on public housing is not a good idea."

Meanwhile, tenants of New York's public housing say repair delays have never been worse, a belief borne out by figures from the New York City Housing Authority. It already has 106,000 unfulfilled work orders, 9,000 of which are scheduled for 2012 and an additional 300 already for 2013. The State Assembly's Committee on Housing is holding a public hearing on Tuesday focused on the maintenance delays.

Michael Kelly, the housing authority's general manager, said his agency simply could not keep up. A 2005 independent study found that the agency needed \$7.5 billion to put its buildings in good condition. But the authority had only \$1.5 billion for such needs.

As the federal government began reducing appropriations for public housing early in the last decade, the authority trimmed its staff, cutting 1,540 operations jobs from 2005 to 2009. Meanwhile, work orders for those very people — carpenters, painters and plasterers — began to soar, from 180,000 in 2005 to 250,000 this year, as of Sept. 24.

Mr. Kelly said the cutbacks had affected the authority's ability to respond to work orders "as quickly as we'd like to."

Tenant frustration has been steadily mounting, with some residents resorting to legal action in housing courts to force repairs to their apartments. Meanwhile, broader issues like poor plumbing and leaky roofs go unaddressed, in turn causing more damage.

Unpatched holes invite cockroaches and mice. Drips lead to collapsed ceilings.

Latoya Craig, 27, an administrative assistant who lives in Moore Houses, in the South Bronx, was recently told that the large hole in her bathroom ceiling would not be repaired until May. In the meantime, mold has started to bloom, causing her to worry about the health of her 6-year-old son.

"The only good thing is he can't reach it," she said.

Tenants have also complained about the way repairs are scheduled. Around the time the agency began cutting jobs, it introduced a computerized call center to streamline repair work. An automated voice answers in English, with repair requests eventually answered by a housing authority staff member. (Translators are available as needed, a staff member said, but tenants say many non-English callers often give up before that.)

Maintenance workers then make in-person assessments, and repairs are prioritized based on need. If there is no emergency, or if a skilled tradesman is required, the repair date is often years off.

Damaris Reyes, executive director of the tenant advocacy group Good Old Lower East Side, said she had heard from people who had had painters show up before plasterers to paint over holes that remain unfixed, and from tenants whose faulty kitchen sinks were ripped months before the replacement arrived. "Instead of multiple visits for one issue, they should address the issue collectively," Ms. Reyes said.

Mr. Kelly said the housing authority was seeking solutions, like diverting \$7 million from unspent administration fees to the maintenance backlog. The agency may also seek to bring in volunteers, through nonprofit groups, he said, to help with painting and other minor repairs, and perhaps tap residents too — a Habitat for Humanity-type approach that would not cost a thing. Still, such measures would amount to drops in the bucket, given the billions in repairs the agency requires.

New York is unusual in that it has demolished very little of its public housing stock. Elsewhere in the country, notably in Atlanta and New Orleans, housing agencies have torn down decrepit buildings and instead given poor residents federally subsidized housing vouchers to use toward their rent.

But Will Fischer, a senior policy analyst who focuses on low-income housing at the Center on Budget and Policy Priorities, a research group, said vouchers could be harder for some populations to use successfully, especially the elderly, as not every landlord accepts them. He also found that in the long run, vouchers cost the government more money than preserving

existing housing.

"The buildings are already there," Mr. Fischer said, "It's just a matter of renovation."

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NEW SAMARITAN CORPORATION

North Haven, Connecticut

A “Quiet Crisis”

The escalating, unmet housing needs of Connecticut’s seniors

A national commission’s warning of a “quiet crisis” in affordable housing and related services for senior citizens has hit home in Connecticut, even more so than in most states.

Concerns about aging are felt by all families and communities. Connecticut must begin now to invest wisely in affordable housing and related services that provide seniors with comfortable, safe, and appropriate places to live.

Carefully-developed policies will benefit not only seniors, but also working-age residents and the State budget as well.

Why are the housing-related needs of seniors escalating?

Because of a demographic boom in the aging population, many of whom face financial challenges.

- The impending retirement of the Baby Boom generation -- the first of whom turned 62 in 2008 -- will drive up the number of seniors. While approximately 13.6% of Connecticut’s population is currently age 65 or older, this is projected to rise to 14.3% in 2010, 17.9% in 2020, and more than 20% by 2025.
- With increased life spans, the fastest growing segment of the aging population will be the most vulnerable – those age 85 and older. Longer lives, combined with changes in retirement plans and social security, jeopardize the financial security of many of these seniors.
- While roughly 70% of seniors own their homes, many of them are “house poor.” Their average net worth, *excluding the value of their home*, is well below that of working-age adults. They struggle to pay property taxes and insurance, and to handle repairs as they and their homes age. Often, these homes are not designed for the comfort and safety of older residents.

- Almost 20% of *non-institutionalized* seniors require some form of assistance with everyday activities. This is particularly true for older subsidized renters, who have lower incomes and are twice as likely to have disabilities as older homeowners.

Why isn't there enough affordable housing for seniors?

Because of high overall housing costs and insufficient public funding.

- Housing costs in Connecticut have risen 66% since 2000, and Connecticut is the 7th most expensive state in the nation for two-bedroom apartment rentals.
- Connecticut ranks 47th among states in housing units built per capita; limited supply drives up prices.
- Eight years ago, the Blue Ribbon Commission on Affordable Housing estimated that Connecticut needs 68,000 additional units of affordable housing for residents of all ages. A recent study commissioned by the Partnership for Strong Communities suggests that the shortfall continues to grow.
- Federal funding to Connecticut for Section 202 Housing for the Elderly has dropped precipitously, from 151 units in 1994 to only 56 units in 2009.
- Pressures on other funding sources – such as Low Income Housing Tax Credits and Section 8 vouchers – also limit funding for senior housing, and many formerly subsidized units are being converted to market-rate housing.
- As a result, too many of Connecticut's seniors pay more than 30% of their incomes for housing costs (the standard measure of affordability). Almost 30% of Connecticut's senior homeowners and 62% of senior renters exceed this expenditure level. Fully one-third of senior renters pay *half or more* of their income toward housing costs.

Why should the State get involved?

Because taking action will benefit seniors, other residents, and the State budget:

- Most seniors prefer “aging in place” and other approaches that keep them in the community with appropriate support. Too often, however, low- and moderate- income seniors are relegated to one of two extremes: housing

with insufficient services (“undercare”) or excessively expensive and unnecessary services in institutional settings (“overcare”).

- Even with some recent reforms, Connecticut’s spending for nursing home care is still among the highest in the nation. For FY 2006 total Medicaid spending was \$4,213,071,822. Spending for long term care was 55% of this total, \$2,327,286,893. The US average was 37% for long term care. The State, its seniors, and other residents have a strong interest in improved policies to support “aging in place” and other more customized, cost-effective approaches.
- Finding a middle ground for seniors who are ready to move from home ownership or other independent living -- but do not need or want expensive institutional care -- will open up affordable housing for working-age adults and their families.

What is needed?

We don’t have all the answers yet, but we must come together now to ensure that Connecticut:

- Provides adequate resources to offer seniors a range of affordable options – from independent living to congregate homes, assisted living, supportive housing, and other forms of “housing plus services” that include appropriate healthcare and other supports. This will reduce the waiting lists that plague many programs.
- Integrates senior housing needs with thoughtful “smart growth,” transportation, and mixed-use practices, such as those proposed by the HOMEConnecticut campaign.
- Addresses the reality that, to be cost-effective, senior housing must normally be built with 60 or more units, but localities often want much smaller developments.
- Empowers a “champion” within the State’s executive branch to address the fragmented responsibilities, inflexible funding streams, and regulatory constraints that impede efforts to coordinate housing, health care, and other services.
- Commits to careful evaluation and refinement of promising approaches to ensure that the most effective policies are in place.